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The KSA PERSPECTIVE

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TEXTILE PROFILE FOR 1984

Financial performances of 45 public companies show mediocre profits despite large sales gains

The public textile companies enjoyed their largest sales gain in five years during fiscal 1984, but their bottom-line profits reflected none of it. The 45 firms in this year's Profile had composite sales of $15.4 billion, up $1.6 billion, or 11.7% over 1983, but total net income for the group slipped 0.2% to $392 million.

Most of the increased sales revenue–$1.4 billion – was taken up by increases in cost of goods sold, and another $170 million went to SG&A and higher interest expenses. Thus, despite the healthy sales increase, textile firms were only able to record an anemic 2.5% profit-to-sales ratio (it was 3% in the 1982 recession year), and an 8.2% return on total equity.

The reasons for this mediocre performance are not readily apparent in the pages of the Profile data. While it is true that the inventory pipeline began to fill in the second quarter of 1984, and retail sales slowed in the summer, textile companies seemed to retain control of their inventories. Finished goods on hand at the end of their fiscal 1984 years amounted to 12.2% of sales, compared with 12.5% of sales in 1983. The year-to-year increase in total inventories came to 8.5%, in contrast to the sales gain of 11.7%.

The effect of an inventory build-up does not show until the two-year recovery period – 1982-84 – is considered. During that span, sales increased 20% while finished goods inventories grew by over 27%. Once again, the penalties of rapid over-reaction to market changes linger on to burden future results.

The other negative influence on textile performance – imports – showed up in

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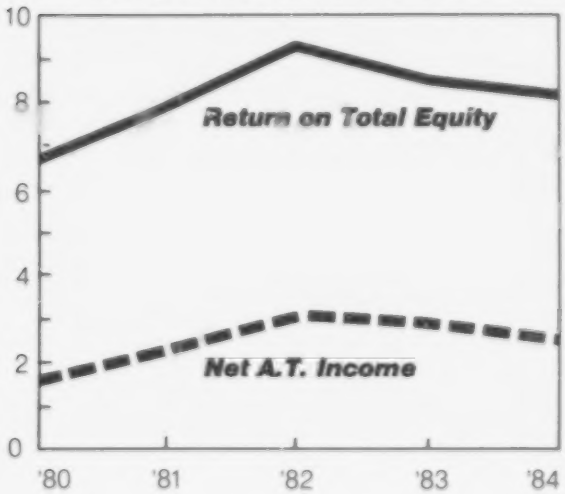
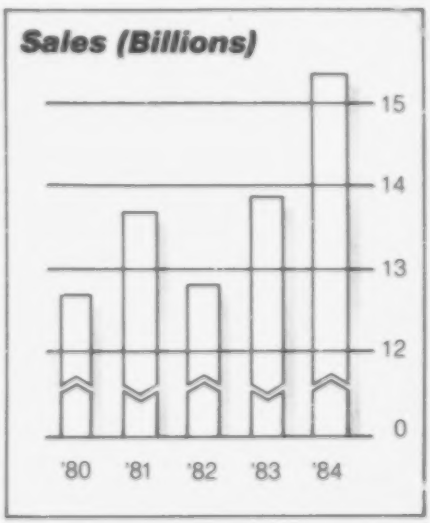
Five-year Textile Industry Composite Performance





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Industry Segment Results and Top Performers

Industry Segments and Top Performers*	No. of Firms Reported	Sales ($000)	Net Income ($000)	Net A.T. Income on Sales %	Return on Total Equity %	Total Debt to Assets	Return on Total Assets %	Sales to Total Assets	Gross Profit %	Oper. Earn. %	Inv. Turns	Return on Invested Capital %
Home Consumer Products (H)												
Carriage Industries		75,024	4,105	5.47	46.82	75	11.22	2.05	25.36	11.99	6.24	19.56
Columbus Mills		148,722	9,624	6.47	23.26	32	15.53	2.40	23.17	12.76	6.01	21.15
1984	13	2,567,313	67,692	2.64	11.34	53	5.24	1.98	19.77	6.30	5.62	7.66
1983	13	2,182,743	66,649	3.05	12.25	52	5.86	1.92	20.01	6.54	5.58	8.61
Fabrics (F)												
Guilford Industries		527,648	7,053	1.34	25.85	58	14.34	1.56	15.58	29.07	5.77	18.14
Guilford Mills		860,572	24,125	6.97	18.03	34	11.67	1.70	23.59	13.64	6.05	16.59
1984	10	1,599,904	21,729	1.36	4.21	47	2.20	1.62	14.99	6.55	5.54	3.12
1983	10	1,439,503	49,865	3.46	10.10	46	5.43	1.56	14.37	6.01	5.73	7.33
Spun/Textured Yarn (Y)												
CrownAmerica		58,153	2,068	3.56	16.58	51	7.61	2.14	9.76	4.55	14.26	11.78
Carolina Mills		166,627	5,523	3.31	11.86	44	6.63	2.00	7.69	2.69	7.62	8.09
1984	6	798,830	20,351	2.55	10.44	46	5.58	2.19	9.22	5.60	9.84	7.33
1983	6	739,337	17,800	2.41	9.34	46	5.02	2.08	8.59	5.14	10.46	6.46
Diversified (D)												
Collins & Aikman		930,535	48,864	5.16	19.96	49	10.10	1.96	21.53	9.66	5.78	15.11
M. Lowenstein		639,640	30,636	4.79	14.90	46	8.02	1.67	17.43	7.43	4.63	11.71
1984	9	10,159,172	284,612	2.80	8.39	47	4.44	1.58	14.68	5.39	5.80	6.16
1983	9	9,179,139	254,950	2.78	7.76	45	4.24	1.52	15.30	5.57	5.70	5.64
Other Textile Prod. (O)												
Concord Fabrics		116,168	3,143	2.71	13.35	46	7.16	2.61	20.69	6.97	6.00	11.56
Vertipile		24,330	578	2.37	8.47	53	3.95	1.67	14.50	8.47	6.20	5.84
1984	7	301,110	−2,529	−0.84	−3.11	50	−1.54	1.83	22.03	3.53	3.76	−2.55
1983	7	269,406	3,318	1.23	3.97	46	2.11	1.71	23.15	4.41	3.42	2.89
Industry Total												
1984	45	15,426,329	391,855	2.54	8.20	48	4.25	1.67	15.42	5.64	5.82	5.96
1983	45	13,810,128	392,582	2.84	8.54	46	4.57	1.61	15.74	5.72	5.77	6.17

** Industry segment top performers based on return on total equity ranking in segment.*
Rankings for 1983 have been recalculated to reflect new Profile mix.

Classifications

- ***Y*** — Yarn manufacturers (spun and texturized)
- ***F*** — Fabric manufacturers (knitted and woven)
- ***H*** — Home textiles (finished consumer products such as carpets, rugs, sheets, towels, etc.)
- ***D*** — Diversified textile companies
- ***O*** — Other (converters and printers; non-wovens; miscellaneous textiles)
- ***M*** — Multi-industry/conglomerates

Companies have been classified in the Y, F, or H segments if textiles account for approximately three-quarters of their sales volume, their primary product/market classification represents half of their textile volume, and it significantly exceeds any other single textile activity.

Corporations with no single classification predominant in their product/market mix have been placed in the Diversified (D) category.

Firms whose products or services do not fit into the first four segments noted above have been classified as Other (O). Since most of their sales volume comes from textiles, even though not in the major classifications, all the financial data of these companies have been included in the Profile.

Mohasco and *Ruddick* have been classified as Multi-industry/Conglomerates (M) because less than half of their sales comes from textiles, and that portion of their financial data could not be isolated for analysis.

Fiber manufacturers were omitted from the Profile as their financial structures and performances are more closely related to the chemical industry than to the textile industry.

Sales and Earnings*

Sales Rank 84	Sales Rank 83	Company	Sales ($000)	Net Income ($000)
1	1	Burlington 09/84-D	3,168,760	62,399
		12/84	3,049,997	38,322
2	2	J. P. Stevens 10/84-D	2,144,183	21,969
		01/85	2,063,928	30,131
3	3	WPt. Pepperell 08/84-D	1,333,246	55,725
		02/85	1,159,400	35,500
4	4	Springs Mills 12/84-D	944,990	36,071
6	6	Collins & Aikman 02/84-D	930,535	48,054
		02/85	1,040,400	62,700
6	7	M. Lowenstein 12/84-D	639,580	30,636
7	8	Fieldcrest 12/84-H	572,821	4,143
8	9	Un. Merch. & Mfrs. 06/84-F	563,193	12,350
		12/84	696,686	16,945
9	13	Shaw Industries 06/84-H	454,198	22,909
		12/84	500,121	45,162
10	10	Riegel Textile 10/84-F	428,979	−16,088
11	17	Guilford Mills 06/84-F	360,572	25,125
		12/84	365,524	23,292
12	12	Avondale Mills 08/84-D	310,603	12,407
		02/85	254,112	4,728
13	14	Mohasco 12/84-M	310,075 (1)	16,243 §
14	15	Dixie Yarns 12/84-Y	283,190	3,258
15	18	Salem Mills 12/84-H	259,688	3,868
16	19	Bibb Company 03/84-H	245,768	3,329
		12/84	235,841	7,389
17	20	Galaxy Mills 09/84-H	222,618	7,016
		12/84	217,511	5,664
18	21	Unifi, Inc. 06/84-Y	216,520	7,350
		12/84	216,549	4,252
19	†	Pope, Evans, Robbins 06/84-F	196,855	1,149
		12/84	238,407	4,138
20	23	Masland 12/84-H	189,462	3,280
21	24	Horizon Industries 09/84-H	178,607	2,576
22	22	Carolina Mills 10/84-Y	166,627	5,523
23	27	Columbus Mills 12/84-H	148,722	9,624
24	26	Thomaston 06/84-F	145,432	2,883
		12/84	142,180	467
25	28	Belding-Heminway 12/84-D	124,082	5,001
26	29	Chatham 12/84-F	123,610	4,756
27	25	Texfi Industries 11/84-F	119,672	−13,316
		02/85	111,447	−13,368
28	33	Concord Fabrics 08/84-O	116,168	3,149
29	31	Fab Industries 07/84-F	114,897	9,753
30	34	Interface 12/84-H	107,274	4,901
31	30	Ruddick 10/84-M	106,432 (2)	9,998§
32	†	Carriage Industries 07/84-H	75,024	4,105
33	37	Louisville Bertolini 09/84-H	66,488	657
34	35	Opelika Mfg. 10/84-O	63,160	−4,966
35	39	CrownAmerica 08/84-Y	58,153	2,068
		11/84	55,021	1,506
36	†	Guilford Industries 03/84-F	57,648	7,010
		09/84	63,565	7,244
37	36	China Grove 12/84-Y	55,615	1,005
38	38	Wm. Wright Company 06/84-O	55,447	1,845
		12/84	54,510	2,180
39	40	Marion Mfg. 12/84-F	39,740	417
40	43	Crown Crafts 03/84-H	25,891	806
		12/84	32,048	273
41	42	Vertipile 02/84-O	24,339	578
		11/84	79,377	−15
42	†	Decorator Industries 01/84-H	20,752	476
43	†	Burke Mills 12/84-Y	18,725	1,147
44	45	Dash Industries 11/84-O	16,780	305
45	44	Putnam-Gellman 12/84-O	13,147	−196
46	46	Int'l. Stretch Prd. 08/84-F	12,499	40
47	47	Gaynor-Stafford 06/84-O	12,069	−3,244
		Sales Total	**$15,842,836**	

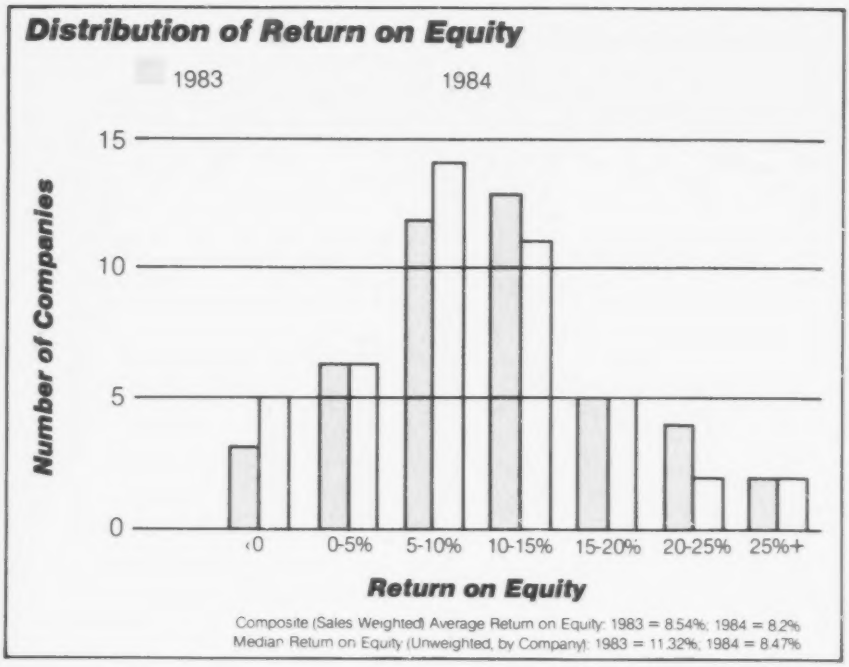
* Where available, quarterly data have been added to show latest 12 months' performance. This information appears directly below fiscal year data for each company.

§ Operating earnings

† Unavailable

(1) Carpets only

(2) American & Efird Sales



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a slightly lower gross profit figure for 1984: 15.4% of sales versus 15.7% in 1983. These are ratios for the entire textile sample, however, and the impact of imports cannot be appreciated without an examination of sector and individual company performances.

Fabrics.

The fabric group shrank to 10 companies this year, after *Cone* and *Graniteville* went private, *Crompton* filed for reorganization under Chapter XI, and *UM&M* was reclassified to Diversified. Despite the difficulty of isolating their results, it was plain that fabric manufacturers supplying the apparel industry continued to lose business to imports. The Fabric industry segment this year showed a 56% drop in earnings, on increased sales of 11%.

Included in this segment are *Riegel* and *Texfi*, who accounted for $35 million in miscellaneous expenses to cover plant closings, as well as *Guilford Industries'* sales gain of 54%. *This* Guilford, new to the Profile, makes office and furniture fabrics exclusively. *Guilford Mills*, solely in warp knit fabrics used primarily in the apparel trade, did well in its fiscal 1984 year. Thus, only a company-by-company analysis can clarify the mixed fabric picture.

Home Consumer Products.

The Home Consumer Products sector, on the other hand, was a stand-out. It led all sub-industry groups with a sales gain of 17.6%, although profit increases were minimal.

Carpet specialists were among the leading gainers in this area, with *Shaw Industries* moving 50% ahead of sales for 1983, accompanied by a 130% rise in profits. *Carriage Industries* enjoyed a similarly large gain. *Fieldcrest* had flat sales figures, and suffered a 72% drop in net income after miscellaneous expenses of $1 million. Beyond these exceptions, the group seemed to move in unison – up in sales, sideways or down in profits. Operating earnings declined under rising cost pressures.

Diversified.

This sector posted good composite 1984 figures, with sales up 10.7% and profits ahead by 11.6%. With two-thirds of the total Profile's sales this year, the Diversified companies again showed moderately better performances than the industry as a whole, which was no mean feat. Strong performances by *Collins & Aikman* and *Lowenstein*, plus a $15 million turnaround in *UM&M* profits, more than offset the static figures reported by *Burlington*, *Stevens*, *WestPoint*, and *Springs*. Because of their product mixes, of course, the Diversified companies reflected both the troubles of fabric producers and the stronger markets enjoyed in consumer products, specialty textiles, and yarns.

Yarn.

Yarn spinners and texturizers generated a 14% increase in composite profits on only an 8% sales gain, despite $3.6 million in miscellaneous expenses. *Unifi* rebounded smartly from its poor 1983, improving 65% in profits on a sales gain of 23%. *Crown-America* had even more impressive percentages (+288% in profits) as it continued its recovery from 1982.

Other Textiles.

The group of seven converters and other specialists who make up this $300-million slice of the public textile industry matched the total group's sales increase in fiscal 1984, but fell 176% off the1983 pace in profits to register the only net loss among the five industry segments. *Gaynor-Stafford*, *Opelika*, and *Putnam-Gellman* were the losers; only *Concord Fabrics* showed a return on sales ratio (2.7%) that exceeded the industry composite.

Thoroughly Mixed Picture.

The adverse market conditions that helped to produce these financial results are well known: imports of both textiles and apparel reached new peaks in 1984; inventory back-ups affected

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Ups & Downs

Burlington remains the industry's big spender, accounting for almost one-third of all public company capital investments over the last four years. During that same period, the company had a 22% share of total industry sales (public sector), and 23% of profits... *Guilford Mills* gained 42% in sales over 1983, partly due to completion of its Kapwood acquisition. Without it, the sales gain was still impressive at 27%.

Carriage Industries, one of the new entries in this year's Profile, specializes in carpeting for manufactured housing and recreational vehicles. It has quadrupled sales between 1981 and 1984, and ranks first in return on equity with 46%. Quite a debut!

On the down-side, *Opelika* posted its fifth consecutive loss, and *Texfi* its third in five years. The latter's long term debt to equity ratio stood at 649:1 in 1984.

Return on Total Equity

	Company	Sales ($000)	Return on Total Equity %	1983 Rank		Company	5-Year Sales ($000)	Return on Total Equity %
1	Carriage Ind. (H)	75,024	46.30	1	1	Guilford Mills (F)	1,358,997	19.77
2	Guilford Ind. (F)	57,648	28.85	2	2	Columbus Mills (H)	506,138	18.14
3	Columbus Mills (H)	148,722	23.05	3	3	Shaw Industries (H)	1,451,666	15.49
4	Shaw Industries (H)	454,198	22.47	13	4	Galaxy Mills (H)	822,530	15.43
5	Collins & Aikman (D)	930,535	19.96	17	5	Fab Industries (F)	544,836	15.23
6	Guilford Mills (F)	360,572	18.03	11	6	Unifi Inc. (Y)	961,882	14.96
7	CrownAmerica (Y)	58,153	15.55	34	7	Un. Merch. & Mfrs. (D)	2,894,486	13.83
8	Fab Industries (F)	114,897	15.24	12	8	Carolina Mills (Y)	663,157	13.22
9	M. Lowenstein (D)	639,580	14.99	16	9	Louisville Bedding (Y)	275,287	12.88
10	Interface (H)	107,274	14.40	5	10	WPt. Pepperell (D)	6,117,225	12.01
11	Galaxy Mills (H)	222,618	14.01	8	11	Collins & Aikman (D)	3,486,058	11.86
12	Concord Fabrics (O)	116,168	13.35	29	12	Vertipile (O)	113,411	11.55

Return on Invested Capital

	Company	Sales ($000)	Return on Inv. Capital %	1983 Rank		Company	5-Year Sales ($000)	Return on Inv. Capital %
1	Columbus Mills (H)	148,722	21.15	2	1	Guilford Mills (F)	1,358,997	17.18
2	Carriage Ind. (H)	75,024	19.55	1	2	Columbus Mills (H)	506,138	15.45
3	Guilford Ind. (F)	57,648	18.14	7	3	Fab Industries (F)	544,836	14.76
4	Guilford Mills (F)	360,572	16.59	6	4	Vertipile (O)	113,411	9.92
5	Collins & Aikman (D)	930,535	15.11	18	5	Unifi Inc. (Y)	961,882	9.77
6	Fab Industries (F)	114,897	14.90	5	6	WPt. Pepperell (D)	6,117,225	9.31
7	Shaw Industries (H)	454,198	14.86	19	7	Carolina Mills (Y)	663,157	9.30
8	CrownAmerica (Y)	58,153	11.78	34	8	Wm. Wright Co. (O)	270,164	9.20
9	M. Lowenstein (D)	639,580	11.71	17	9	Collins & Aikman (D)	3,486,058	9.06
10	Concord Fabrics (O)	116,168	11.46	27	10	Galaxy Mills (H)	822,530	8.95
11	Interface (H)	107,274	11.16	3	11	Shaw Industries (H)	1,451,666	8.45
12	WPt. Pepperell (D)	1,333,246	10.08	13	12	Springs Mills (D)	4,425,447	7.57

Net A.T. Income on Sales

	Company	Sales ($000)	Net A.T. Income on Sales %	1983 Rank		Company	5-Year Sales ($000)	Net A.T. Income on Sales %
1	Guilford Ind. (F)	57,648	12.16	2	1	Fab Industries (F)	544,836	7.34
2	Fab Industries (F)	114,897	8.48	1	2	Guilford Mills (F)	1,358,997	7.19
3	Guilford Mills (F)	360,572	6.96	6	3	Columbus Mills (H)	506,138	5.30
4	Columbus Mills (H)	148,722	6.47	5	4	Wm. Wright Co. (O)	270,164	4.49
5	Carriage Ind. (H)	75,024	5.47	4	5	Vertipile (O)	113,411	3.92
6	Collins & Aikman (D)	930,535	5.16	17	6	WPt. Pepperell (D)	6,117,225	3.83
7	Shaw Industries (H)	454,198	5.04	18	7	Carolina Mills (Y)	663,157	3.79
8	M. Lowenstein (D)	639,580	4.79	15	8	Springs Mills (D)	4,425,447	3.76
9	Interface (H)	107,274	4.56	3	9	Collins & Aikman (D)	3,486,058	3.46
10	WPt. Pepperell (D)	1,333,246	4.17	9	10	Shaw Industries (H)	1,451,666	3.32
11	Belding-Heminway (D)	124,082	4.03	8	11	Unifi Inc. (Y)	961,882	3.31
12	Avondale Mills (D)	310,603	3.99	16	12	Galaxy Mills (H)	822,530	3.18

Rankings for 1983 have been recalculated to reflect new Profile Company mix.

Textile Performance Profile — Fiscal 1984

(Excludes Conglomerates)

84 Sales Rank	Company	Net A.T. Inc. on Sales %	84	83	Return on Total Equity %	84	83	Total Debt To Assets	84	83	Return on Total Assets %	84	83	Sales To Total Assets	84	83	Gross Profit %	84	83	Operating Earnings %	84	83	Inventory Turns	84	83	Return on Invested Capital %	84	83
12	**Avondale Mills 06/84-D**	3.99	12	16	12.12	14	20	.47	25	33	6.40	16	13	1.60	33	15	14.69	28	29	6.44	19	18	8.99	7	4	8.79	15	16
25	**Belding-Heminway 12/84-D**	4.03	11	8	10.98	17	15	.39	36	38	6.65	14	9	1.65	32	27	34.19	5	3	7.20	15	14	3.37	39	40	9.37	13	10
16	**Bibb Company 03/84-H**	1.35	32	30	4.96	34	33	.44	30	25	2.73	31	32	2.02	13	28	11.45	34	38	2.94	39	39	4.38	33	36	3.75	32	32
43	**Burke Mills 12/84-Y**	6.12	+	+	18.69	+	+	.30	42	33	12.92	+	+	2.10	9	15	12.48	32	26	7.34	14	7	13.13	4	6	14.92	+	+
1	**Burlington 09/84-D**	1.93	26	21	5.22	33	28	.47	25	26	2.71	32	27	1.38	41	42	10.72	36	33	3.48	37	27	6.22	16	16	3.83	31	28
22	**Carolina Mills 10/84-Y**	3.31	18	20	11.86	15	21	.44	30	19	6.59	15	22	1.98	14	19	7.68	42	44	7.68	12	20	7.90	10	11	8.09	19	24
32	**Carriage Ind. 07/84-H**	5.47	5	4	46.30	1	1	.75	3	2	11.22	4	1	2.05	11	3	25.35	6	6	10.98	4	3	6.24	15	8	19.55	2	1
26	**Chatham 12/84-F**	3.84	13	12	8.76	22	24	.18	45	45	7.17	12	12	1.86	18	23	19.12	20	20	7.96	9	11	4.04	37	34	7.95	20	22
37	**China Grove 12/84-Y**	1.80	28	19	5.66	32	19	.43	33	29	3.17	28	16	1.75	24	13	9.54	40	39	4.48	30	28	3.40	38	33	4.58	26	15
5	**Collins & Aikman 02/84-D**	5.16	6	17	19.96	5	17	.49	24	23	10.10	7	20	1.95	15	21	21.13	12	19	9.88	6	21	5.78	23	27	15.11	5	18
23	**Columbus Mills 12/84-H**	6.47	4	5	23.05	3	3	.32	41	31	15.59	1	2	2.40	6	8	23.16	8	11	12.15	3	5	6.01	20	20	21.15	1	2
28	**Concord Fabrics 08/84-O**	2.71	21	29	13.35	12	29	.46	27	29	7.10	13	28	2.61	4	5	20.68	13	16	6.36	20	33	6.00	21	29	11.46	10	27
35	**CrownAmerica 08/84-Y**	3.55	15	33	15.55	7	34	.51	21	16	7.61	10	34	2.14	8	14	9.75	38	41	4.55	28	40	14.26	3	3	11.78	8	34
40	**Crown Crafts 03/84-H**	3.12	20	40	10.51	19	40	.63	9	20	3.78	25	40	1.21	43	40	21.14	11	30	6.51	18	45	2.75	43	43	5.73	25	40
44	**Dash Ind. 11/84-O**	1.81	27	+	6.29	30	+	.56	13	16	2.77	30	+	1.52	36	37	44.66	1	1	4.70	26	17	1.61	45	45	3.43	34	+
42	**Decorator Ind. 01/84-H**	2.29	23	23	9.77	20	23	.54	15	28	4.44	23	23	1.93	16	17	18.08	23	12	4.97	24	24	4.49	32	37	8.80	14	23
14	**Dixie Yarns 12/84-Y**	1.15	33	31	7.56	25	26	.52	19	20	3.57	27	25	3.10	2	2	7.80	41	43	3.69	34	34	12.05	5	7	4.53	27	26
29	**Fab Industries 07/84-F**	8.48	2	1	15.24	8	12	.33	39	38	10.17	6	6	1.19	44	45	17.93	24	25	8.38	8	13	5.00	30	32	14.90	6	5
7	**Fieldcrest 12/84-H**	.72	37	25	2.40	39	27	.52	19	23	1.13	37	24	1.57	34	30	19.96	15	13	4.51	29	26	6.35	14	15	1.63	37	25
17	**Galaxy Mills 09/84-H**	3.15	19	13	14.01	11	8	.59	11	8	5.69	19	11	1.80	22	18	22.45	9	7	6.94	16	10	4.23	35	30	8.23	17	9
47	**Gaynor-Stafford 06/84-O**	−26.87	44	24	•	•	22	1.12	1	13	−39.31	44	26	1.46	38	37	21.60	10	8	−1.83	42	31	3.31	41	42	•	•	20
36	**Guilford Ind. 03/84-F**	12.16	1	2	28.85	2	2	.50	22	9	14.34	2	4	1.18	45	44	35.68	3	5	26.07	1	1	5.77	24	9	18.14	3	7
11	**Guilford Mills 06/84-F**	6.96	3	6	18.03	6	11	.34	38	40	11.87	3	5	1.70	29	32	23.48	7	14	13.63	2	4	6.05	18	22	16.59	4	6
21	**Horizon Ind. 09/84-H**	1.44	31	14	8.27	23	4	.67	6	7	2.68	33	8	1.86	18	12	19.39	18	9	4.20	32	8	5.58	27	18	4.42	28	4
46	**Int'l. Stretch Prod. 06/84-F**	.32	39	38	2.97	37	36	.71	4	3	.84	38	38	2.63	3	4	18.47	21	18	2.02	41	41	4.30	34	35	1.57	38	37
30	**Interface 12/84-H**	4.56	9	3	14.40	10	5	.45	29	37	7.85	9	3	1.71	27	36	34.71	4	4	8.47	7	2	5.67	25	19	11.16	11	3
2	**J P Stevens 10/84-D**	1.02	35	35	4.07	35	35	.54	15	18	1.87	35	35	1.82	20	29	10.99	35	36	3.15	38	36	5.81	22	23	2.52	35	35
33	**Louisville Bedding 09/84-H**	.98	36	22	6.69	27	6	.65	8	5	2.32	34	14	2.35	7	7	18.21	22	10	3.66	35	19	5.01	29	26	3.60	33	11
6	**M. Lowenstein 12/84-D**	4.79	8	15	14.99	9	16	.46	27	20	8.02	8	19	1.67	31	31	17.42	25	22	7.43	13	22	4.63	31	31	11.71	9	17
39	**Marion Mfg. 12/84-F**	1.04	34	28	3.19	36	30	.43	33	33	1.79	36	29	1.71	27	9	2.77	45	45	−3.53	44	43	10.51	6	5	2.07	36	29
20	**Mesland 12/84-H**	1.73	29	34	9.64	21	32	.55	14	15	4.28	24	33	2.47	5	6	15.19	26	32	3.55	36	37	7.12	11	14	6.59	22	33
34	**Opelika Mfg. 10/84-O**	−7.86	42	41	−36.47	42	41	.67	6	4	−11.86	42	41	1.50	37	41	7.68	42	40	−3.16	43	44	3.33	40	41	−23.07	42	41
19	**Pope, Evans, Robbins 06/84-F**	.58	38	10	2.59	38	7	.66	5	5	.81	39	15	1.39	40	33	13.59	31	28	6.31	21	9	2.90	42	39	1.33	39	14

45	Putnam - Gellman 12/84-O	−1.49	40	+	−6.51	40	+	.59	11	10	−2.61	40	+	1.75	24	11	14.58	29	23	4.71	25	24	18.11	1	2	−5.96	40	+
10	Riegel Textile 10/84-F	−3.75	41	26	−12.78	41	31	.50	22	26	−6.33	41	30	1.68	30	34	9.65	39	37	2.08	40	35	8.08	9	12	−9.05	41	31
15	Salem Mills 12/84-H	1.48	30	27	11.50	16	10	.53	17	10	5.37	20	18	3.61	1	1	19.22	19	17	4.65	27	29	6.49	13	17	8.31	16	12
9	Shaw Industries 06/84-H	5.04	7	18	22.47	4	13	.53	17	13	10.55	5	21	2.09	10	19	19.75	17	24	10.20	5	15	6.03	19	24	14.86	7	19
4	Springs Mills 12/84-D	3.81	14	11	8.17	24	25	.28	43	43	5.86	18	17	1.53	35	39	14.79	27	27	5.63	22	23	6.95	12	13	7.50	21	21
27	Texfi Ind. 11/84-F	−11.12	43	32	−32478.0	43	9	.99	2	1	−22.63	43	31	2.03	12	10	3.75	44	35	−4.26	45	32	8.17	8	10	−49.93	43	30
24	Thomaston 06/84-F	1.98	25	37	5.83	31	38	.38	37	41	3.61	26	37	1.82	20	24	9.81	37	42	4.07	33	42	5.67	25	28	4.25	29	38
18	Unifi Inc. 06/84-Y	3.39	16	‡	10.79	18	‡	.44	30	31	6.03	17	‡	1.77	23	25	11.75	33	34	6.89	17	16	14.90	2	1	8.13	18	‡
8	Un. Merch. & Mfrs. 06/84-F	2.19	24	39	7.37	26	39	.61	10	10	2.86	29	39	1.30	42	43	20.46	14	21	7.75	11	30	4.12	36	38	4.01	30	39
41	Vertipile 02/84-O	2.37	22	36	6.67	28	37	.33	39	42	4.45	22	36	1.87	17	22	14.50	30	31	4.46	31	38	6.20	17	21	5.84	24	36
3	WPt. Pepperell 08/84-D	4.17	10	9	12.25	13	14	.40	35	33	7.32	11	10	1.75	24	25	19.84	16	15	7.79	10	12	5.57	28	25	10.08	12	13
38	Wm. Wright Co. 06/84-O	3.32	17	7	6.46	29	18	.24	44	44	4.88	21	7	1.46	38	34	39.51	2	2	5.32	23	6	1.97	44	44	6.36	23	8

• *Unavailable*

\+ *Extraordinary gains exceed 1% of net sales; unranked.*

‡ *Extraordinary losses exceed 1% of net sales; unranked.*

Rankings for 1983 have been recalculated to reflect new Profile mix companies.

What the Ratios Mean

Net After-Tax Income on Sales — Net income divided by net sales and reported as a percentage. This figure is frequently labeled Return on Sales, although KSA declines use of this title since extraordinary items are included in net income. Net sales is gross sales less discounts and allowances for returns and bad debts.

Return on Total Equity — Net income divided by total equity, reported as a percentage. The figure is a good measure of performance on behalf of the owners of the firm.

Total Debt to Assets — The sum of current liabilities, deferred liabilities, and long-term debt; divided by the book value of total assets. The quotient indicates the proportion of assets supported by creditor-supplied funds. Values usually range between zero and one. (Values greater than one indicate that a negative shareholders' equity exists.) Values approaching one indicate the possibility of high financial risk exposure.

Return on Total Assets — Net income divided by the book value of total assets, converted to a percentage. This figure is often used as an indicator of the return on the total investment in the firm, regardless of financing; although most analysts correctly suggest that to make this measure more precise, one must add tax-adjusted interest payments to net income before dividing.

Sales to Total Assets — Net sales divided by total assets. This result is frequently called total asset turnover or simple turnover. Again, we are reluctant to use these terms due to the inclusion of intangible items in the total asset base. A high ratio may indicate inadequate planning for growth and/or operating at or above full capacity. A low ratio suggests overinvestment or inefficient use of assets.

Gross Profit — Net sales less cost of goods sold, divided by net sales and multiplied by 100 to make a percentage. The result is a good proxy for manufacturing profit.

Operating Earnings — Net sales less cost of goods sold as well as selling, general and administrative expense; divided by net sales and reported as a percentage. It is a good measure of a company's profitability on its primary, continuing operations.

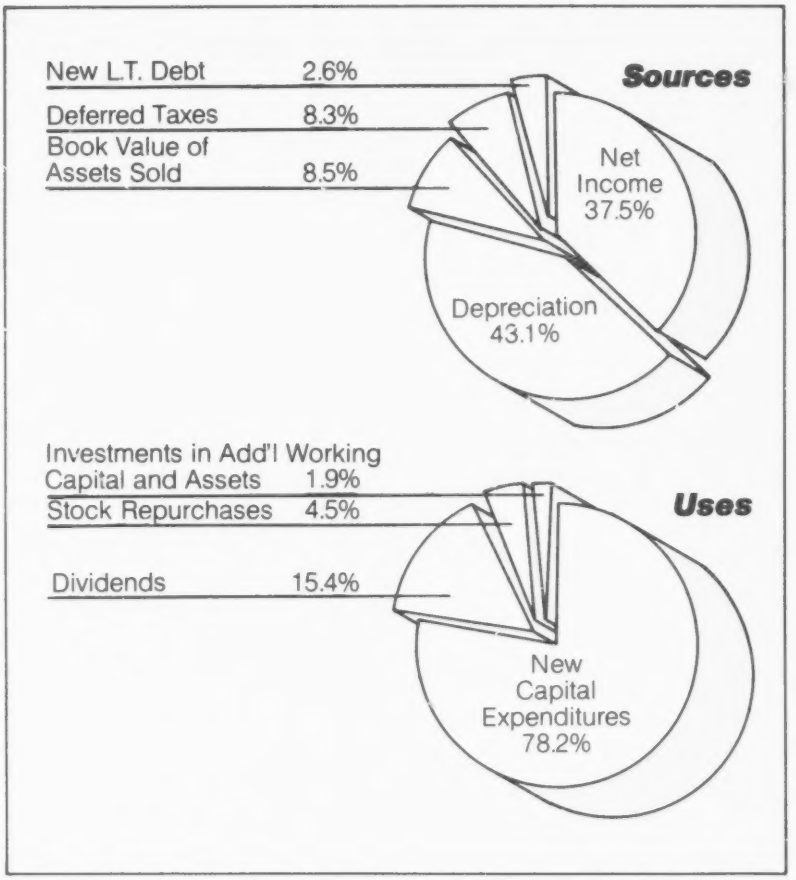
Inventory Turns — Cost of goods sold divided by the average of the ending inventory for the year and prior year total inventory.

Return on Invested Capital — Net income divided by the sum of total equity and long-term debt. Many consider this figure to be the best single measure of performance for it represents the return to committed capital and is resistant to attempts to windowdress public financial statements.

Sources and Uses of Funds ($1,045.6 million)

Key Points

- 89.1% of funds used came from internal sources (depreciation, net income, fixed asset disposals) vs. 78% in 1983
- Capital expenditures amounted to 78.2% of total funds used, against 58.1% in 1983
- 19.9% of funds went to stockholders in the form of dividends and stock repurchases.



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the entire soft goods chain, but seemed to hit textiles first; consumer buying slowed down suddenly just as imports of Fall goods hit the stores, and price pressures remained severe.

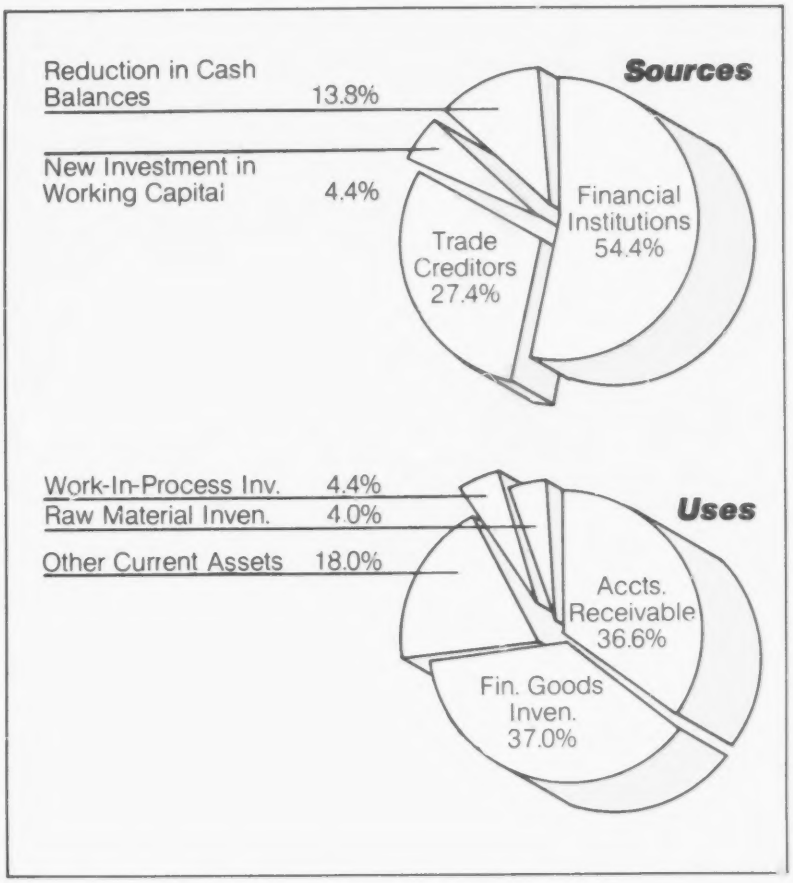
Despite its hopeful start, 1984 was not a good year for textiles (nor apparel), and it worsened month by month. Among companies with fiscal closings in the first half, 64% showed earnings advances. Of the 31 firms closing in the second half of 1984, only 45% managed gains. For the entire year, the 45 companies split almost evenly – 23 gains and 22 declines.

However, enough firms bucked the tide to prevent easy generalizations and keep the picture mixed. This year, companies with early closings were invited to send in subsequent quarterly sales and earnings reports to bring their results closer to the calendar year. Among the 19 updates, covering latest 12 months' sales and earnings through February, 1985, we find 12 companies with earnings lower than their fiscal years, and seven that showed an increase. The composite profit-to-sales figure for all 19 updated firms was 2.6% – higher than the fiscal year composite.

Comings and Goings.

This year's Textile Profile shows an unusual number of changes, with six companies gone from the list, and five replacements. Prominent among the former are *Cone, Ti-Caro,* and *Graniteville,* accounting for some $1.3 billion in sales. Newcomers include *Pope, Evans and Robbins, Carriage Industries,*

Changes in Working Capital



Key Points

- Short term borrowing from financial institutions provided over half of the new working capital requirements
- The record cash balances built up during the 1983 recovery were drawn down by $56 million
- Additions to finished goods inventories and accounts receivable accounted for almost three-quarters of the new working capital requirements
- However, finished goods inventories and accounts receivable growth was controlled, with the former gaining 8.5% and the latter 6.5% against an 11.7% sales gain

Guilford Industries, and *Decorator Industries*. *Burke Mills* rejoined the Profile this year following a reorganization.

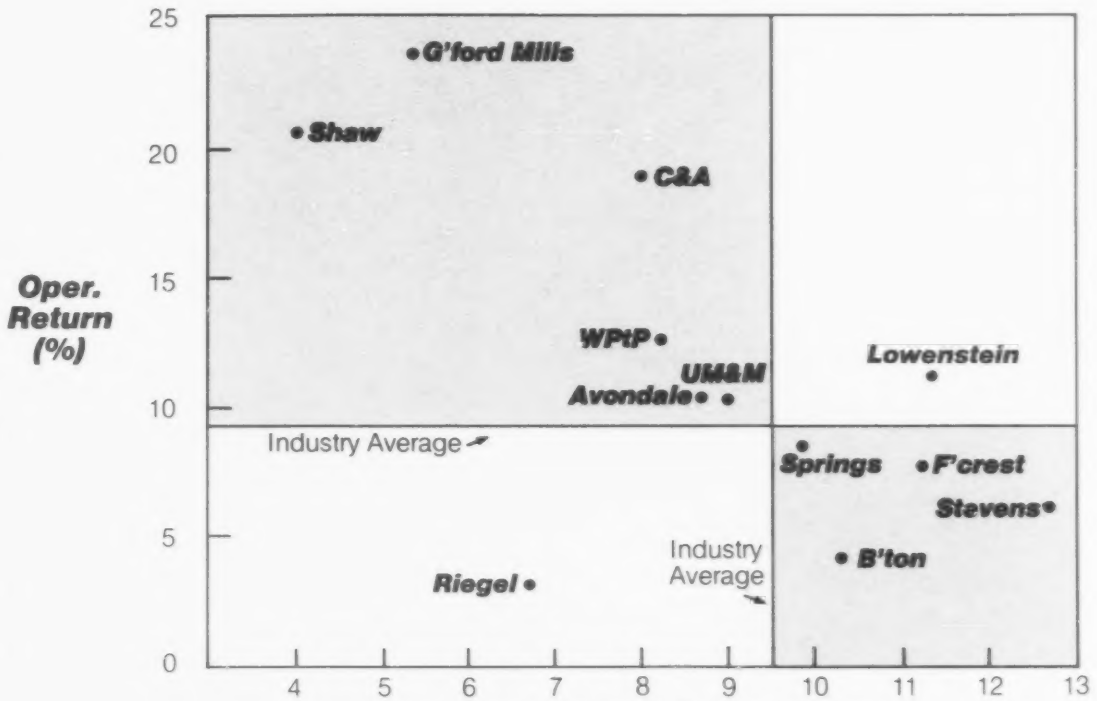
Thus far, the over-all sales volume represented by each year's Profile has not been affected by these changes. As the trend towards private ownership continues, however, we can expect to see attrition in both numbers and dollars.

Less Leverage.

An inspection of the industry's balance sheet shows evidence of more conservative financial management. There has been a shift from long-term debt to current obligations. The ratio of long-term debt to net worth has declined from 0.50 in 1980 to 0.37 in 1984. This reflects a build-up of equity through retained earnings in place of leverage through long-term borrowing. At the same time, there was a 325% increase in notes payable last year, and all current liabilities rose by 19%.

The textile industry continues to invest heavily in new plant and equipment, financed principally by internally generated funds. However, it remains difficult to find a causal relation between the levels of capital expenditures and better profit performance. As the charts on pages 10 and 11 show, four of the 12 largest firms invested more than the industry average between 1980 and 1984, but did worse than the average in terms of improving gross profit margins. Younger equipment provides better results, as would be expected, but investments in greater flexibility to meet the needs of changing markets probably offer the best pay-off of all for textiles in the years ahead. □

Operating Return vs. Age of Fixed Assets



Disclaimer

The information presented in this Performance Profile was obtained from available annual reports made by public companies to their stockholders and to the Securities and Exchange Commission. While we believe the information furnished to be reliable, no representations are made as to the accuracy thereof. Kurt Salmon Associates assumes no responsibility for any errors in the Performance Profile, whether of omission or commission. Information presented herein is based solely on publicly-available data; the confidentiality of KSA's client relationships has been maintained throughout. KSA's Financial Performance Profile is intended solely for the statistical information of the purchaser. It is not a representation, prospectus, or circular in respect of any stock or security of any corporation. The data and comments contained herein do not constitute investment advice in any form.

Top Growth Companies

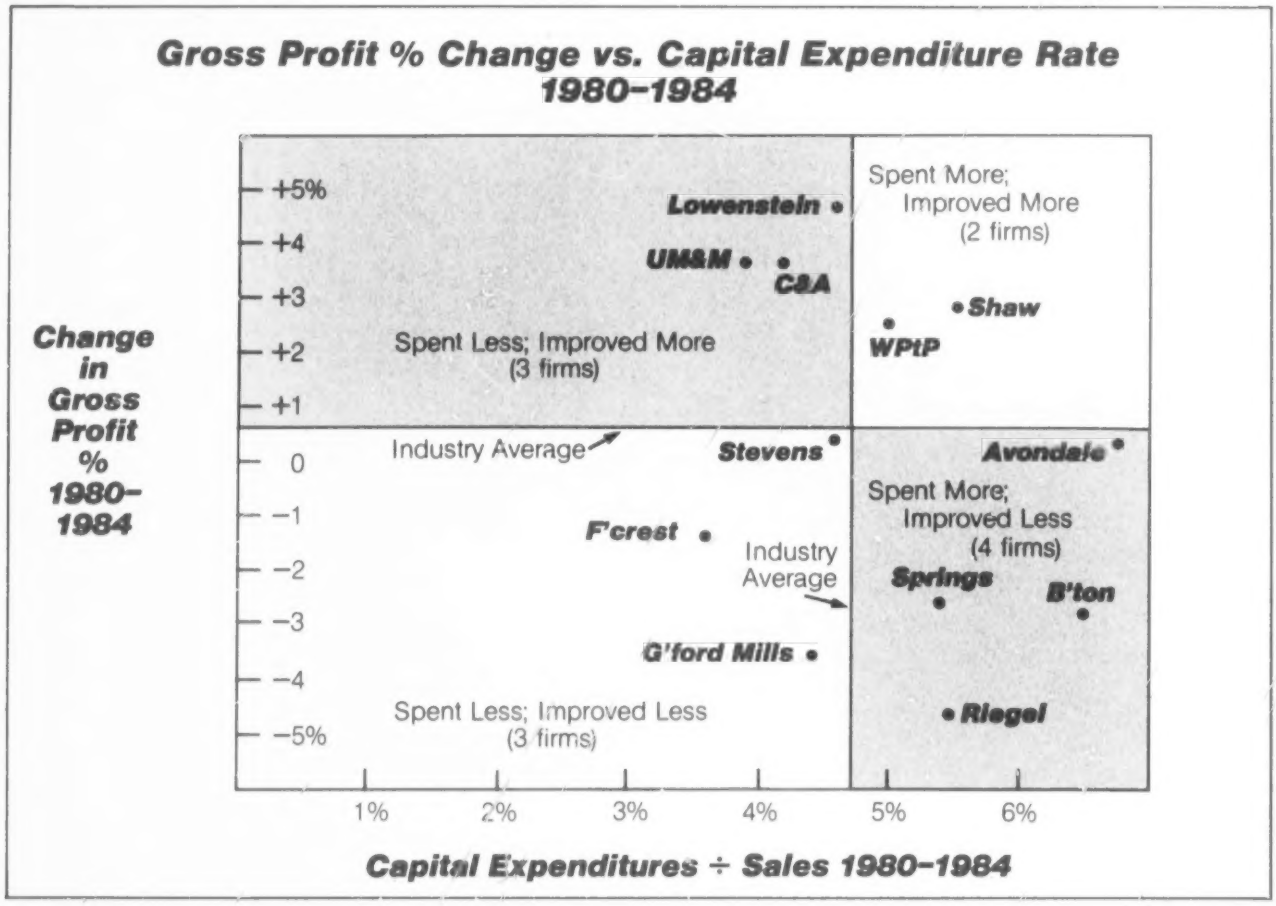
Sales

	% Gain 1983-84
1 Guilford Industries	+53.4
2 Shaw Industries	+50.5
3 Carriage Industries	+49.0
4 Decorator Industries	+43.0
5 Guilford Mills	+41.6
6 Crown Crafts	+39.2
7 Concord Fabrics	+37.8
8 Collins & Aikman	+36.3
9 Interface	+34.0
10 Columbus Mills	+23.3

Net Income

	% Gain 1983-84
1 Thomaston	+455.5
2 Vertipile	+325.0
3 CrownAmerica	+288.0
4 Guilford Industries	+142.5
5 Shaw Industries	+130.2
6 Concord Fabrics	+127.9
7 Collins & Aikman	+107.8
8 Masland	+105.0
9 Guilford Mills	+ 65.3
10 Unifi	+ 65.0

(Only companies with positive net income in '83 and '84 are ranked)



Locations of 12 largest textile firms on above chart shows no consistent relationship between capital expenditures and profit performance.

The Complete Profile

This issue of *The KSA Perspective* contains excerpts from the complete industry Profile, a print-out of approximately 400 pages produced by a computer program developed by KSA.

The full print-out covering five fiscal years ending 1980 through 1984 is available for in-depth comparisons and study.

For each of the companies, as well as the industry segment composites and the total industry aggregate, the report contains:

1. Balance sheets in both dollars and percentages.
2. Income statements in both dollars and percentages.
3. Statements of changes in working capital.
4. Five-year average performances in five pertinent ratios.
5. Year-to-year percent change analysis of nine ratios.
6. A comprehensive list of ratios, including:
   - Current Ratio
   - Acid Ratio
   - Receivables Turns per Year
   - Inventory Turns per Year
   - Sales/Inventory
   - Return on Sales
   - Return on Invested Capital
   - Return on Total Equity
   - Return on Common Stock
   - Return on Total Assets
   - Operating Return
   - Cash Flow/Sales
   - Sales/Total Assets
   - Sales/Net Worth
   - Sales/Working Capital
   - Fixed Assets/Net Worth
   - Long-Term Debt/Invested Capital
   - Long-Term Debt/Net Worth
   - Long-Term Debt/Common Equity
   - Total Debt/Total Assets
   - Interest Coverage
   - Total Coverage

In addition, composite data for the industry segment groupings are presented in the same manner as the individual company compilations, as sums of all company performances in each group.

The printout is available from KSA at a cost of $300.

Composite Profit and Loss Data – Textile Industry

PROFIT AND LOSS DATA - TEXTILE IND

FISCAL PERIOD ENDING	1984		1983		1982		1981		1980	
	$	PCT	$	PCT	$	PCT	$	PCT	$	PCT
NET SALES	15426329	100.00	13810128	100.00	12836184	100.00	13707402	100.00	12713126	100.00
- COST OF GOODS SOLD	13047498	84.58	11635950	84.26	10901670	84.93	11661941	85.08	10834131	85.22
GROSS PROFIT	2378831	15.42	2174178	15.74	1934514	15.07	2045461	14.92	1878995	14.78
- SELL. GEN. & ADMIN	1509552	9.79	1383944	10.02	1351663	10.53	1307486	9.54	1220449	9.60
OPERATING EARNINGS	869279	5.64	790234	5.72	582851	4.54	737975	5.38	658546	5.18
- INTEREST EXPENSE	219305	1.42	175531	1.27	199200	1.55	219112	1.60	199599	1.57
MISC. INC. OR EXP.	9082	0.06	36042	0.26	14072	0.11	-42516	-0.31	-32093	-0.25
INCOME BEFORE TAX	659056	4.27	650745	4.71	397723	3.10	476347	3.48	426854	3.36
- INCOME TAX	269118	1.74	259866	1.88	152138	1.19	172348	1.26	198584	1.56
INCOME AFTER TAX	389938	2.53	390879	2.83	245585	1.91	303999	2.22	228270	1.80
EXTRAORDINARY ITEM	1917	0.01	1703	0.01	139927	1.09	13444	0.10	607	0.00
NET INCOME	391855	2.54	392582	2.84	385512	3.00	317443	2.32	228877	1.80
EARNINGS PER SHARE										
FLOW OF FUNDS ANALYSIS										
WORKING CAP AT START	3296575		2930497		3024679		2955380			
NET INCOME	391855		392582		385512		317443			
DEPRECIATION	450632		420349		403090		386767			
CHANGE IN L-T DEBT	27115		90574		-190393		-23127			
CHANGE IN DEFERRED	86971		64992		50116		85962			
CHANGE IN PREF STK	-43		-2290		-92		-11129			
CHANGE IN COMMON	-31968		229830		-15545		46030			
DIVIDENDS PAID	-160640		-144696		-124942		-143909			
CAPITAL EXPEND.	-818562		-611172		-660826		-592129			
MISC ASSETS CHANGE	-2408		-67033		2944		-24626			
MISC TRANSACTIONS	74675		-7058		55954		28017			
WORKING CAP AT END	3314202		3296575		2930497		3024679			

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